**Founders’ Checklist: Initial Questions to Ask & Answer**

Vision

* What are our values and how will we instill those values in the company?
* What are our goals for our business?
* Do we agree on those goals?
* What are our goals for ourselves?
* What is our timeline for when we want those goals accomplished?

Ownership (Economic & Voting Rights)

* Who gets what percentage of the company?
* What is each of us contributing in exchange for that ownership stake (e.g., capital; know-how; IP; a powerful network; hard work)?
	+ Also, should any of that ownership be subject to vesting?
* What will we each contribute to the company going forward? Think about:
	+ Job descriptions & day-to-day duties
	+ Expectations for hours worked
* Do we have any early investors?
	+ Do we want to give any of our early investors (e.g., friends & family) ownership stakes?
* What about employees?
	+ Are we working with anyone who might be considered an employee in the future?
	+ Should any initial employees own equity (and if so, is it subject to vesting)?
	+ Should the company set aside a portion of equity for issuance to employees in the future?
* Will there be multiple classes of equity?
	+ How will they differ in rights to distributions?
	+ In voting rights?
* How can the business take on new owners?

Management & Decisions

* How will major decisions be made? In particular, in what circumstances would each founder want a veto right?
	+ Are there particular decisions that will require unanimous consent of the owners? Supermajority? Majority?
	+ Consider possible areas of disagreement about the company’s direction, including decisions to:
		- Raise capital: will the founders agree to give up a portion of their ownership?
		- Sell the company
		- Terminate the business
* What about day-to-day decisions? Should they all be delegated to the CEO?
* Will the founders receive a salary?
	+ Who would need to agree to any changes in salary?

Dealing with Unexpected Changes

* What do we do if it takes longer than anticipated to commercialize our product?
* Consider circumstances in which an owner might leave the company. For example:
	+ What if one of us wants to leave? Does the company or do the other founders have a right to buy back that founder’s shares? If so, at what price?
	+ What if one of us becomes disabled or dies?
	+ What if one of us is not meeting expectations or performing our duties? Can a founder be removed as an employee? As an owner?

Exclusivity

* Are we permitted to work on other business ventures at the same time as the company?
* If we terminate the business, is any founder allowed to take the business idea and try it out somewhere else?